

Letting the Sunlight into the Dollars

Developing a Transparent Business Case that builds true Accountability

Philadelphia, Pennsylvania
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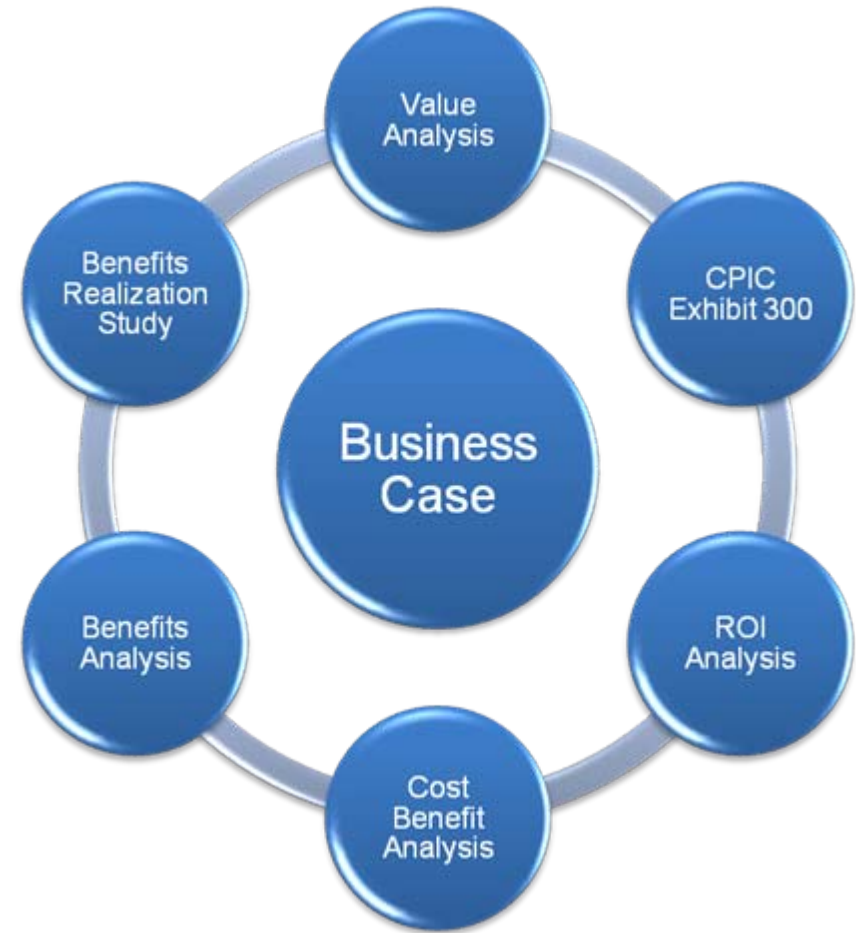
Purpose

- ▶ The session focuses on the challenges involved in developing and communicating business cases and ROI analyses for IT investments at EPA. Specifically, It focuses on the challenges involved in rendering the business case transparent such that it can be understood by managers, program staff and other non-financial and non-economists.
- ▶ It will focus on sharing their experience to identify:
 - What are the key challenges in developing transparent business cases and ROI analyses?
 - What are the key challenges in communicating the results of business cases and ROI analyses to senior managers, OMB, Congress and other stakeholders and getting their approval to proceed with investments?
 - What are the major lessons learned from their experience and how can EPA improve business cases and ROI analyses?
 - How can managers track and realize predicted savings to demonstrate accountability for project investments?
- ▶ The session will be organized as follows:
 - A brief presentation on the topic (10-15 minutes)
 - A panel discussion by EPA staff and managers who have real-world experience in this area (40 minutes)
 - Questions and answers session (10 minutes)



What is a business case?

- ▶ The term “business case” can mean many things. For purposes of this session, we have defined a business case as:
 - An analysis describing the business reasons “why” and “why not” decision-makers should select a specific investment option
- ▶ A CPIC Exhibit 300 is only one type of business case



Many different terms are used to refer to business cases

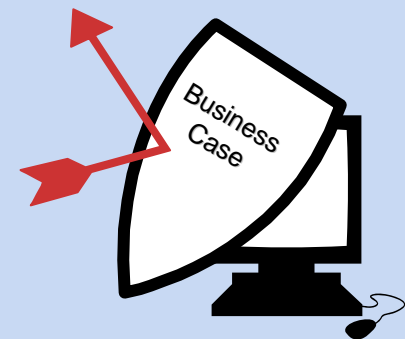
Why do a business case?



May be required
for a CPIC or CPIC
“Lite”



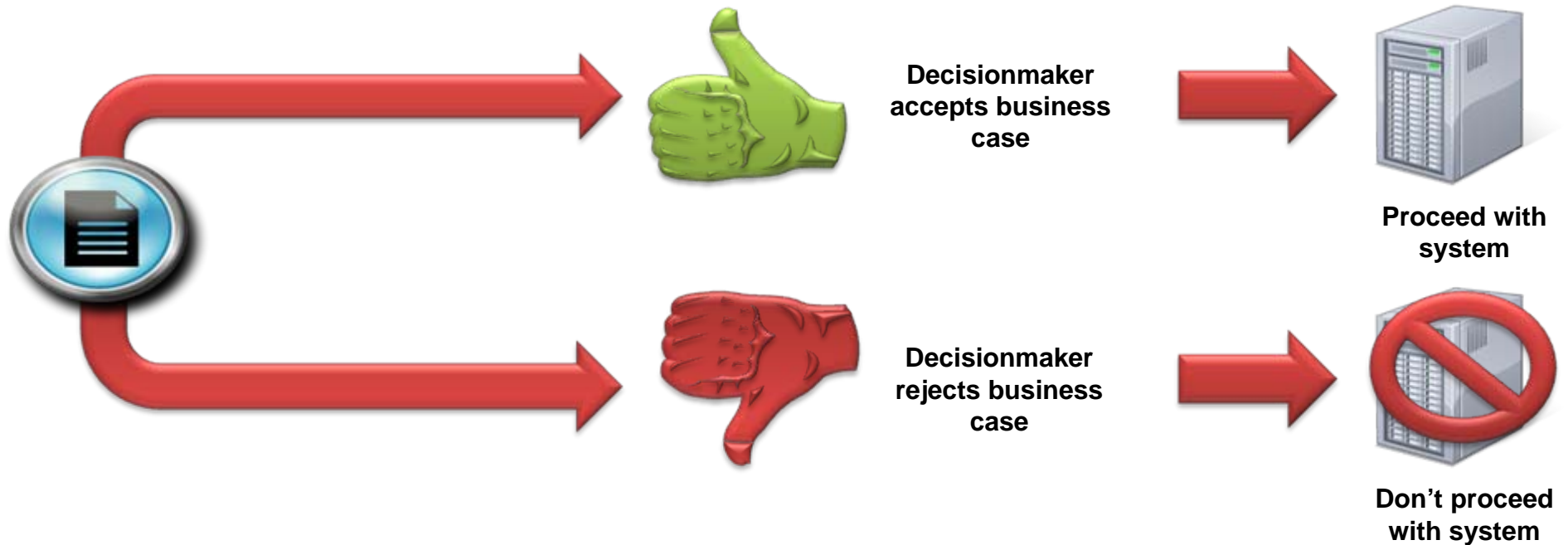
Demonstrate the
value of the
investment to
management and
stakeholders



Help defend
budgets by
showing the
benefits

Selling the business case – the critical dimension

No matter how good your business case is -- for it to make a difference it must be accepted by stakeholders and decisionmakers



A critical dimension for selling you business case and getting stakeholders to accept your findings is to build a business case that is both transparent and accountable

The Importance of Transparency and Accountability

► Transparency is important:

- ***Understanding and Trust:*** Stakeholders and decisionmakers need to understand how costs and benefits are calculated and what assumptions were made if they to trust the results of your analysis
- ***Validation and Stakeholder Buy-in:*** Stakeholders and decisionmakers need to see that key stakeholder groups have been involved in the analysis – they need to know that key assumptions have been validated and accepted if they are to use the analysis as the basis for decisions
- ***Building the Trust of a Champion:*** A business case must have a champion that believes in the value of the business case and can communicate in non-technical language to management and to help defends budget – the champion needs to understand and trust the business case

► Accountability is important:

- ***Identifying Savings and Benefits:*** If savings and benefits are predicted, decisionmakers need to know where they will come from, how they will be achieved and who will be responsible
- ***Benefits Realization:*** Sponsoring organization need to develop a plan to be able to track and realize benefits – without accountability, this will not occur



What Helps Build Transparency and Accountability? The Seven “Cs”



What undermines a business case?

Problem	Cause of Problem	Results
<i>Failure to Validate Business Case by Missing Benefits and Costs</i>		
Missed benefits and costs	Lack of understanding of the process being automated	Poor understanding of project value
Overlooked key costs	Weak understanding of the full spectrum of costs	Low credibility
Lack of use of intangible benefits	Lack of awareness of central role of intangibles	Important decision factors not addressed
Inability to quantify benefits	Lack of expertise translating intangibles to tangibles	Risk of rejection
<i>Weak Link to Strategic Issues</i>		
No link to vision, mission, values, & goals	Lack of awareness of organizational priorities	Risk of rejection
Business risks inadequately identified	Lack of business knowledge	Project implementation problems
<i>Weakened Credibility due to Opaque Analysis or Hidden Assumptions</i>		
Nonverifiable references to support claims	Lack of support of evidence/documentation/hidden assumptions	Erroneous payoffs accepted
Lack of evidence to support to calculations	Lack of expertise in develop credible estimates	Erroneous payoffs accepted
Inappropriate degree of precision	No understanding of realistic levels of precision	Loss of credibility
<i>Low Audience Appeal</i>		
Concerns of stakeholders not considered	Lack of awareness of all decision influences	Risk of rejection
Excessive length/too technical	No understanding on audience needs	Business case ignored
<i>Technically Weak</i>		
No analysis of full range of benefits	Lack of technical expertise/experience	Risk of rejection



Panel discussion

What makes a good business case?

What makes a bad business case?

**What helps sell a business case to stakeholders?
What role does transparency or accountability play?**

**What undermines a business case and reduces its
credibility?**



For more information

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